

SCOTTISH BORDERS COUNCIL

29 FEBRUARY 2024

1 PURPOSE AND SUMMARY

- 1.1 This report presents Scottish Borders Council's updated Long Term Financial Strategy (Revenue) (LTFS) which supports the 2024/25 financial planning process.**
- 1.2 The Council first adopted a five year planning period for revenue in 2013/14. This strategy adopts a ten year forward view, aligning the time frame for strategic revenue planning with the ten year period already adopted within the Capital Plan.
- 1.3 The approach to medium and longer term financial planning is advocated as good practice by Audit Scotland. This approach has allowed the Council to deliver balanced budgets in each year since 2013/14 and to plan effectively for the financial consequences of multi-year transformational change across the Council. Since adopting a longer term planning horizon in 2013/14 the Council has successfully delivered more than £84m of savings on a permanent basis, assisting significantly with financial sustainability. Adopting a 10 year revenue planning horizon assists the Council to plan service and strategic change appropriately and ensure the financial implications of the Council Plan are properly considered, affordable and reflected in future budgets.

2 RECOMMENDATIONS

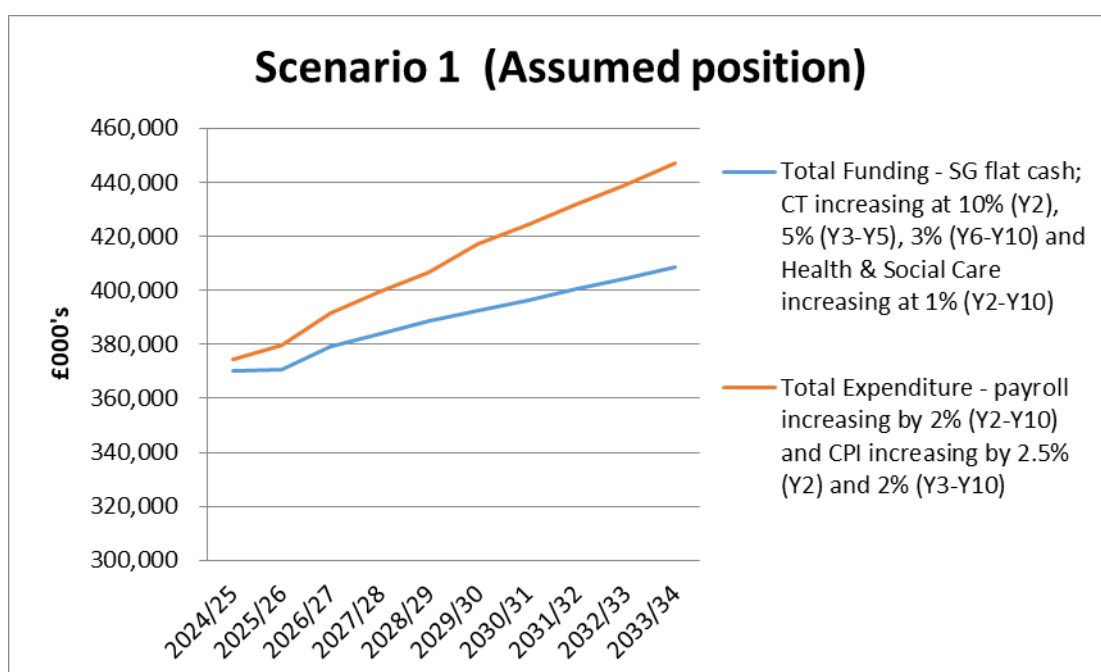
- 2.1 It is recommended that Council approves the Long Term Financial Strategy (Revenue) as part of the suite of 2024/25 budget papers on the Council agenda.**

3 LONG TERM FINANCIAL STRATEGY

- 3.1 Since 2013/14 the Council has adopted a 5 year approach to revenue Financial Plan and a 10 year timeframe for the Capital Plan. This Long Term Financial Strategy (Revenue) extends the strategic revenue planning period to 10 years. The approach to longer term financial planning is advocated as good practice by Audit Scotland.
- 3.2 This strategy is an important component of the Financial Planning process. It underpins the longer term sustainability of the Council and ensures that the financial implications of the economic climate and current service delivery are properly considered and reflected in the anticipated future position. As such the long term financial strategy is a key tool helping the Council to deliver its Vision for 2033 as set out in the Council Plan.
- 3.3 The strategy will be used to compliment the Transformation Programme and to guide the Council to inform future decision making and financial planning. Many of the challenging decisions and actions necessary will require clear vision, effective partnership working, good communication and the buy in of communities through initiatives like #yourpart.
- 3.4 The strategy supports the Council to ensure it remains financially sustainable over the longer term by understanding what resources may be available so we can live within our means, prioritising those things that are most important, adopting new ways of working, ensuring the Council is operating as efficiently as possible, exploiting new technology, developing further commercial opportunities where possible and engaging effectively with the people of the Scottish Borders to improve their quality of life and their experience of engaging with the Council.
- 3.5 For this Long Term Financial Strategy (Revenue), 2024/25 represents year 1. The Council's 5 year revenue plan covers the period to 2028/29 and this longer term financial review projects forward to 2033/34 giving a 10 year view of the revenue budget. This strategy thereby aligns the planning horizon for revenue and capital. A number of key variables have been considered in preparing the 10 year plan as shown below:
- Anticipated Scottish Government funding levels
 - Council Tax income levels
 - Opportunities for increased commercialisation to increase income including fees & charges and increased grant funding opportunities
 - Assumptions on inflation including pay increases
 - Assumptions on increased demand for services such as in Health & Social Care services
 - Loans charges – the revenue cost of borrowing to support investment through the Capital Plan
 - National policy decisions which will impact on Local Government in the future such as the National Care Service.

This is not an exhaustive list of variables, however the issues identified are considered to be the core issues which require to be considered.

- 3.6 The full Long Term Financial Strategy (Revenue) document includes detailed assumptions on key variables considered at an assumed, best and worst case.
- 3.7 The detail provided within the appendices highlights a range of potential financial outcomes. The range of scenarios modelled highlights the need for robust cost control and the continuation of a programme of strategic transformational change to ensure the Council can respond appropriately to the ongoing financial challenges.
- 3.8 The 'assumed position' is represented in the graph below and shows a permanent £38m funding gap by 2033/34 without permanent service reductions being made.



- 3.9 The Financial Sustainability workstream of the Transformation Programme will be a key enabler for the delivery of savings required to ensure the Council operates within its means over the coming years.

4 IMPLICATIONS

4.1 Financial

There are no direct financial implications resulting from this report.

4.2 Risk and Mitigations

The major risks associated with this report are that the assumptions made within the scenarios are incorrect. This risk is mitigated in the financial modelling supporting the strategy through the use of sensitivity analysis which includes mid case, most favourable and least favourable positions. These assumptions will be flexed over time as greater clarity emerges on the impact of the Local Government settlement in future years, Council

priorities, emerging national priorities and the objectives of the new Council Plan.

4.3 **Integrated Impact Assessment**

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

4.4 **Sustainable Development Goals**

There are no significant effects on the economy, community or environment.

4.5 **Climate Change**

No effect on carbon emissions are anticipated from the recommendation of this report.

4.6 **Rural Proofing**

This report contains no implications that will compromise the Council's rural proofing policy.

4.7 **Data Protection Impact Statement**

There are no personal data implications arising from the proposals contained in this report.

4.8 **Changes to Scheme of Administration or Scheme of Delegation**

This report does not result in any changes to the Scheme of Administration or the Scheme of Delegation.

5 **CONSULTATION**

- 5.1 The Director of Corporate Governance, the Chief Officer Audit and Risk, the Director of People, Performance & Change, the Clerk to the Council and Corporate Communications have been consulted any comments received have been incorporated into the final report.

Approved by

Name

Title

Author(s)

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Background Papers:

Previous Minute Reference:

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